

# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

August 13, 2009

## **Via Electronic Transmission**

The Honorable Calvin L. Scovel III  
Inspector General  
U.S. Department of Transportation  
1200 New Jersey Avenue, S.E.  
Washington, DC 20590

Dear Inspector General Scovel:

The rate at which federal funds are flowing through the Consumer Assistance to Recycle and Save program (CARS) surprised both the Department of Transportation (Department) and the Congress. I am concerned that the Department might not be able to assure the integrity of the program, given its size and rapid implementation.

Enacted in June 2009, CARS is intended to help consumers pay for new, more fuel efficient cars or trucks from participating dealers when they trade in less fuel efficient vehicles. To prevent CARS from shutting down, Congress recently added \$2 billion to the \$1 billion initial appropriation. The Department had just 30 days to write implementing regulations, set up computer systems, hire staff and contractors, and educate stakeholders. The combination of this short time frame, a high funding level, and complex conditions on each transaction creates a high risk for inadequate accountability, lack of transparency, and opportunities for waste, fraud, and abuse. I have received numerous complaints from constituent dealers who have had problems with the program.

The amendment adding the new funds also requires the Government Accountability Office (GAO) and the Office of Inspector General (OIG) to review the Department's administration of CARS. As you fulfill this requirement, I request that you pay particular attention to the Department's ability to assure program integrity. Additionally, I request that the OIG give serious consideration to sampling a number of transactions and examine whether or not the parties involved complied with all applicable law. I would also appreciate if you would consider such issues as the level of compliance with applicable federal requirements, the accuracy and reliability of data on which transactions are based, actions the Department has underway to safeguard the program against fraud, waste, and abuse and overall accountability for those found in non-compliance. As appropriate, include other relevant matters that you identify during the course of your work and I would appreciate an update on your preliminary findings by no later than September 3, 2009.

Thank you for your attention to this matter. If you have any questions, please do not hesitate to contact Emilia DiSanto of my staff at (202) 224-4515.

Sincerely,

A handwritten signature in blue ink that reads "Chuck Grassley". The signature is written in a cursive, flowing style.

Charles E. Grassley  
Ranking Member